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Programme budget for the biennium 2006-2007

Draft resolution submitted by the Chairman following informal consultations

Liabilities and proposed funding for after-service health insurance benefits

The General Assembly,

Recalling its resolutions 58/249 A of 23 December 2003, 60/255 of 8 May 2006 and 60/283 of 7 July 2006,

Having considered the report of the Secretary-General on liabilities and proposed funding for after-service health insurance benefits[1] and the related report of the Advisory Committee on Administrative and Budgetary Questions,[2]

1. *Takes note* of the report of the Secretary-General;

2. *Takes note also* of the report of the Advisory Committee on Administrative and Budgetary Questions;

3. *Recalls* section II of its resolution 52/220 of 22 December 1997 and notes with concern that the preparation of the first report on the accrued liabilities for after-service health insurance benefits took more than seven years after its endorsement of the initial recommendation of the Advisory Committee on Administrative and Budgetary Questions on the matter;

4. *Notes* in this regard that estimated after-service health insurance liabilities, in particular on the accrual and actuarial basis, increased significantly during the intervening period;

5. *Notes* the growing costs of the after-service health insurance benefits programme;

6. *Notes* that the International Public Sector Accounting Standards require that the accrued after-service health insurance liabilities and future accrued

[1] A/61/730.
[2] A/61/791.

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expenses be recognized on the face of the financial statements and that this requirement is irrespective of funding such liabilities;

7. *Recalls also* its resolution 60/255, whereby it recognized the end-of-service accrued benefit liabilities reported by the Secretary-General in his report;

8. *Recognizes* that after-service health insurance benefit liabilities have been accrued from all sources of funding;

9. *Recognizes* the need to specifically identify sources of the accrued after-service health insurance benefit liabilities;

10. *Requests* the Secretary-General to validate the accrued liabilities by using current data and to apply the actuarial methodology prescribed by the International Public Sector Accounting Standards, and to submit a detailed report, with figures audited by the Board of Auditors, on the outcome of the validation and status of the liabilities, as well as additional information on financing options, to the General Assembly no later than the main part of its sixty-third session;

11. *Recognizes* the complexity of the issue and the significant amount of the liabilities, and requests the Secretary-General to present long-term strategies taking into account the various options of financing and to report to it thereon no later than the main part of the sixty-third session;

12. *Approves* changes to the after-service health insurance provisions for new staff members recruited on or after 1 July 2007 as follows:

(a) The alignment of after-service health insurance eligibility and subsidy requirements to ten years' minimum participation in the United Nations health insurance plans, eliminating the buy-in provision after five years of participation;

(b) The application of a theoretical pension of a minimum of twenty-five years of service as the basis of assessing retiree contributions as opposed to using the actual number of years of service when less than 25;

(c) The introduction of a minimum participation requirement for after-service health insurance eligibility of dependents of at least five years at the time of retirement of the United Nations employee, or two years if the spouse has coverage with an outside employer or a national Government, except where the dependent is newly acquired within this period and is enrolled within thirty days of the effective date of the dependent relationship;

13. *Requests* the Secretary-General to report on measures aimed at reducing the Organization's costs related to health-care plans;

14. *Decides* to approve the establishment of an independent segregated special account to record after-service health insurance accrued liabilities and account for related transactions;

15. *Requests* more comprehensive information and analysis based, inter alia, on the results of the actuarial valuation of the after-service health insurance plan as at 31 December 2007, on the following:

(a) The advantages and disadvantages for Member States of the "pay-as-you-go" option of after-service health insurance liabilities versus the option of funding those liabilities;

(b) The projections regarding the proportion of staff in peacekeeping operations who will be entitled to after-service health insurance benefits, taking into account, to the extent possible, the career patterns of staff in peacekeeping missions;

(c) Differentiated levels of charge as a percentage of salary costs to be applied against different funding sources, including the regular budget, peacekeeping and extrabudgetary funds, taking into account, to the extent possible, different career patterns of staff financed against those sources, that would be sufficient to finance after-service health insurance liabilities in a predictable manner without building up a reserve;

(d) The option of partial funding of the liability;

(e) The option of full funding over a longer period than envisaged in the report of the Secretary-General;

(f) The proportion of the current accrued liability which relates to the different categories of beneficiaries from all funding sources, namely, current retirees, active employees currently eligible to retire, and active employees not eligible to retire, as well as multiple options to address those after-service health insurance liabilities;

(g) An after-service health insurance reserve fund and its investment strategies;

16. *Stresses* the importance of addressing this matter further and decides, pending the validation of the accrued after-service health insurance liabilities and auditing by the Board of Auditors, to revert to it, as a matter of priority, at its sixty-third session.